



Director of
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National Intelligence Daily (Cable)

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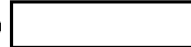
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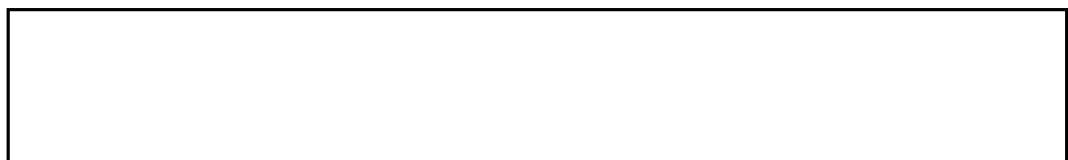
Contents

Briefs and Comments

Iran: <i>Oil Program Cutbacks</i>	1
USSR-Syria: <i>Military Deliveries</i>	2
USSR-Mexico: <i>Naval Visit</i>	3
Nigeria: <i>Presidential Candidates Not Disqualified</i>	3
Yugoslavia: <i>Earthquake Damage</i>	4
East Germany: <i>Restrictions on Writers</i>	4

Special Analysis

Zaire: <i>Mobutu Under Fire</i>	5
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BRIEFS AND COMMENTS

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IRAN: Oil Program Cutbacks

//Iran has canceled or suspended a number of oil and gas projects involving foreign companies, indicating that there are no present plans to rebuild the country's long-term oil production capacity to the prerevolution level of 6.6 million barrels per day. Efforts by the National Iranian Oil Company to arrange the return of a limited number of expatriates have encountered opposition from Iranian oil workers' groups.// [REDACTED]

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//The cancellations include a contract with a British firm heavily involved in gas injection and secondary oil recovery projects. Work has also been halted at a gasfield in the Persian Gulf, which was to be a major source of gas for injection into oilfields. The gas injection program was a vital part of the old regime's plans to maintain a high level of oil capacity in the 1980s.// [REDACTED]

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//Iran has also canceled contracts with a Canadian and two US drilling companies and withdrawn numerous orders for new drilling equipment, especially offshore rigs. A request to a third US drilling operator to return some non-American expatriates has reportedly been approved by a revolutionary committee monitoring oil operations. Efforts by the National Oil Company to arrange the return of some foreign workers employed by the Oil Service Company of Iran--the operating arm of the foreign consortium that formerly produced most of Iran's oil--have apparently made no progress.// [REDACTED]

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The government has not yet authorized construction to be resumed on a second gas pipeline to the USSR. Exports via the existing pipeline have been restored to about 60 percent of former levels. The state gas company, however, has been authorized to proceed with construction on a large domestic gas distribution system.

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USSR-SYRIA: Military Deliveries

//New Soviet air defense equipment was seen this week in Syria, reinforcing previous indications that the Soviets are shipping arms to Syria under existing contracts despite problems in reaching a major new arms agreement. Arms talks became strained last fall, and although the visit to Syria by Soviet Foreign Minister Gromyko late last month reportedly may have paved the way for a new arms agreement in principle, we still cannot confirm that a final accord has been signed.//

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several new SA-2 surface-to-air missile launchers moving south from Tartus, and 30 new self-propelled antiaircraft artillery guns being unloaded at a storage area north of Damascus. This equipment, along with several new Soviet fighter aircraft the Syrians received earlier this year, probably constitutes much of what remained to be delivered under two large contracts signed by the two countries in 1977.//

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Soviet deliveries to Syria declined in the second half of last year, and this year the pace of shipments does not appear to have increased. Recent deliveries, nevertheless, indicate that the Soviets have not interrupted the flow of material, as some reports have alleged.

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//The new air defense equipment apparently is intended for the Golan Heights, where older SA-2 systems are being replaced.

an SA-2 battery that probably came from the Golan Heights being set up in Aleppo. The Syrians have been building up the air defenses around their major ports and northern cities for the past several years.//

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USSR-MEXICO: Naval Visit

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//The Soviet naval oceanographic ship Bashkiriya and an F-class submarine also probably involved in oceanographic work left Acapulco, Mexico, on Tuesday after a brief port call. This was the first known visit to Acapulco by Soviet naval or naval-associated vessels. The ships had previously been to ports in Peru and Colombia.

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NIGERIA: Presidential Candidates Not Disqualified

The Nigerian military government issued a statement yesterday that stopped short of disqualifying Nnamdi Azikiwe and Amino Kano, two presidential candidates. The move was intended to defuse a delicate issue that threatened to spark considerable political violence. The regime probably hopes the candidates will voluntarily step aside. They have been publicly told to provide "better evidence" that they complied with electoral law requirements and paid their income tax. The government's decision apparently reflects last-minute divisions in the ruling military council over disqualifying the two candidates. Both have been badly discredited, and their followers are likely to attribute this to partisan motives on the military's part.

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YUGOSLAVIA: Earthquake Damage

The earthquake that hit Montenegro last Sunday caused damage estimated variously at \$450 million to \$900 million--50 to 100 percent of its annual income. According to preliminary reports, the quake severely damaged major harbors, half the tourist accommodations, 4,000 public buildings, and 23,000 homes. An estimated 15 to 25 percent of Montenegro's industrial goods and facilities was destroyed. A ball bearing plant vital to Yugoslavia's automobile industry was damaged. Montenegro accounts for only 5 percent of Yugoslavia's foreign trade and 8 percent of its earnings from tourism. The damage to ports, hotels, and industries, however, will halt the development of Montenegro, whose growth rate has been the most rapid of Yugoslavia's backward southern republics. [REDACTED]

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EAST GERMANY: Restrictions on Writers

In another move to curtail inner-German contacts, East Germany is restricting many of its prominent writers from traveling to the West. The East Germans recently refused to allow Stefan Heym, the country's most prominent author, to give a lecture in West Germany. According to a Reuter report of Heym's statement, three other dissident authors, Rolf Schneider, Erich Loest, and Klaus Pocher, also have been denied exit visas. The rejection of their applications is in keeping with recently adopted controls on activities of foreign journalists in East Germany. [REDACTED]

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SPECIAL ANALYSIS

ZAIRE: Mobutu Under Fire

[REDACTED]

In the year since the second "Katangan" invasion of Shaba, President Mobutu has done little to resolve the region's severe social, political, and economic inequities. Most of Shaba's problems are not unique; they apply to most of the country, and Mobutu is facing the most difficult challenge of his 14 years in power. Serious disruptions are probable, as the steady deterioration of social and economic conditions is creating an atmosphere ripe for disorder. Mobutu could soon face eruptions from disgruntled students, disaffected soldiers, Katangan guerrillas, or hungry and exploited urban dwellers. Such outbreaks could spread rapidly and return the country to the chaos that reigned a decade ago.

[REDACTED]

Zairians view Mobutu as the only leader capable of holding the country together. He is given this standing only grudgingly because he has exploited the country's problems to perpetuate his rule instead of seeking to resolve them. He has done little to promote economic development and political and social integration. Corruption and ethnicity have been the most salient features of Mobutu's rule, and his attempts to mold a personality cult and construct even a fragile national unity have foundered.

[REDACTED]

Mobutu's inability to deal effectively with worsening economic problems forms the basis of growing popular discontent with his government. Ethnic divisions remain a serious social problem, and because of the severity of the country's economic hardships, class cleavages also are widening. Periodic shortages of basic food staples are common in the capital and other regions, and hunger, malnutrition, and disease are widespread. Rampant inflation and the recent devaluations of the Zairian currency add further hardship.

[REDACTED]

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The central government's role in Zaire's diverse regions, tenuous at best since independence, has deteriorated still further in recent years. Poor roads, fuel shortages, and limited contact with the capital contribute to general isolation and social malaise. Moreover, Zaire's local and regional governments are largely ineffective and many regional officials are corrupt and incompetent. Such officials also are often outsiders who do not speak local dialects or have an interest in local problems. [REDACTED]

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Despite widespread grumbling, the population is more demoralized than rebellious. Kinshasa and Shaba region, however, are potential local flashpoints that could pose a serious threat to Mobutu. Mobutu is aware of the high level of popular discontent in both areas; recent student demonstrations in the capital and Shaba to protest poor living conditions brought a quick response from the President to the student's grievances. [REDACTED]

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The Military

Mobutu's Army is at once the basis of his power and the chief potential threat to his rule. Ethnic and regional tensions are at least as prevalent in the military as in the society at large, and most military personnel think of themselves in tribal, rather than national terms. A change of government or a general breakdown of law and order could spark fighting between military units, possibly along ethnic lines. [REDACTED]

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The Army is beset with problems of recruitment, leadership, and organization, and low morale and indiscipline are endemic largely because the government has failed to provide basic necessities. Desertions and corruption are also prevalent. [REDACTED]

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[REDACTED] Mobutu recently has attempted to ensure military loyalty by lifting the freeze on promotions, by making more and cheaper foodstuffs available to military families, and by granting pay raises. Rather than reducing ethnic strains in the military, however, Mobutu has worsened them through discriminatory recruitment practices and by assigning officers and deploying military units on the

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basis of ethnicity. This practice is largely responsible for the tensions between the military and civilians in Shaba and other areas.// [REDACTED]

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Zaire's poorly trained and ill-disciplined military units probably could not contain a large-scale disturbance in one of the country's major urban areas. In an armed clash with organized anti-Mobutu forces, the loyalty of the Army would be doubtful. Many Zairian troops might either desert or defect. [REDACTED]

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Mobutu currently is receiving aid from military forces of 10 countries. The Army will not evolve into a capable professional force soon, and an external threat will require outside help for Mobutu to retain control. [REDACTED]

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With the expected departure from Shaba this summer of the Inter-African Force, a new attack by insurgents of the Front for the National Liberation of the Congo could threaten Mobutu. Such an attack, accompanied by a breakdown in law and order, could trigger disorders in Kinshasa or other regions. [REDACTED]

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Economic Problems

Zaire's economy has almost no prospects for meaningful improvement soon. Foreign exchange remains tight, and the country's foreign debt exceeds \$3 billion. Leading Western creditors have not provided substantial financial support because of Mobutu's reluctance to institute austerity measures. [REDACTED]

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Kinshasa's unwillingness to keep spending in check is reflected in a deficit this year that will likely reach \$600-700 million. A large portion of these excessive expenditures will go for government workers' salaries and for Mobutu's sizable personal slush fund. [REDACTED]

The mines in Shaba--Zaire's most important economic asset--have performed remarkably well in view of disastrous economic effects on the area by the rebel invasions of Kolwezi and the subsequent exodus of 450 expatriates last year. Copper output last year apparently was almost identical to the 1977 total of 435,000 tons, while

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cobalt production jumped to 13,200 tons, compared with 10,000 tons the year before. This recovery is unlikely to continue, however, unless more expatriates return and the flow of spare parts for the mining facilities is expedited. Output during the first two months of 1979 was about 20 percent below the 1978 average. The economic outlook is also clouded by dependence on politically unreliable or inefficient routes for exporting minerals. Security along the Benguela Railroad through Angola, the best route abroad, cannot now be guaranteed.

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[REDACTED]
Prospects

Internal conditions will continue to deteriorate for some time. Mobutu is unlikely to regain the authority or respect he once commanded. Without substantial external economic and military support his rule would disintegrate even further. [REDACTED]

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If Mobutu's position does deteriorate further, he probably will search for scapegoats inside Zaire and accuse traditional foreign supporters of "abandoning" him. He probably is already suspicious of US intentions and may believe that Washington supports some of his opponents. [REDACTED]

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If Mobutu does not survive, an even more rapid decline would probably occur. A sudden change in leadership would be likely to trigger widespread disorders before a new regime could consolidate power. Key military leaders probably would play an important role in determining the shape of a new government. A peaceful transition of power is unlikely, and any new government would be hard pressed to unify Zaire or halt the social and economic decay. [REDACTED]

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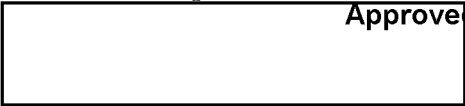
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